

FISCAL IMPACT STATEMENT ON BILL NO. **H.4455**

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TO:	The Honorable Daniel T. "Dan" Cooper, Chairperson, House Ways and Means Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Beth Campbell		
DATE:	April 4, 2006	SBD:	2006172

AUTHOR:	Representative Cobb-Hunter	PRIMARY CODE CITE:	59-146-55
SUBJECT:	School Facilities Bond Act		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
\$0 (No additional expenditures or savings are expected)

BILL SUMMARY:

House Bill 4455, if enacted, would allow the issuance of additional school facilities bonds totaling \$300 million. These bonds must be allocated to school districts based on a formula which gives priority consideration to districts with higher percentages of students eligible for free or reduced priced lunches, the relative financial ability of a district to fund new school facilities or improve existing facilities as determined under the Education Finance Act, and remaining capacity of a district to issue additional capital improvement bonds.

EXPLANATION OF IMPACT:

According to the State Treasurer's Office, a series of five bonds issued in fiscal years 2007 through 2011 totaling \$300 million with a five percent interest rate would cost the General Fund approximately \$24.1 million per year for fiscal years 2008-2022, \$20.1 million in 2023, \$15.8 million in 2024, \$11.0 million in 2025, and \$5.8 million in 2026. The total cost would be about \$413.7 million over the life of the program. Of this amount, \$113.7 million represents interest paid. The impact of these bonds on debt capacity will be roughly 0.44% of the 5% Constitutional Debt Service Limit, based on June 30, 2005 general fund revenue.

LOCAL GOVERNMENT IMPACT:

None.

SPECIAL NOTES:

None.

Approved by:



Don Addy
Assistant Director, Office of State Budget